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THE OPEN VS. THE CLOSED DOOR

BY ERVING WINSLOW

THE hope of mankind will be fulfilled when the Open Door of Free Exchange causes to be forever closed the gaping doors of the Temple of Janus. The policy of Free Trade was originally advocated in France. Early in the seventeenth century "Free Trade" was urged in England by the interests opposed to the legally privileged "trading companies." It became the millennial dream of the English school, led by Cobden and Bright in the Anti-Corn-law agitation, that the destruction of all the tariff barriers to free exchanges between the nations might come to pass and be the means of preserving peace by creating a unity which should go far to perfect human brotherhood. Although the Anti-Corn-Law League of 1838 gave to Europe, and perhaps had at first itself, a narrow and inadequate conception of its natural development, "the abolition of protective duties on food and its shattering of the protective system was, on one side, the beginning of our great modern struggle against class preponderance at home, and on another side, the dawn of higher ideals of civilization all over the world."¹

As put in practice upon a limited scale, the theory has demonstrated a great local value. The conspicuous instance of course is found in the United States, where the interests of production, manufacturing, and consumption are linked together, without artificial assistance, to the common advantage. "The United States presents the largest example that the world has ever known of the advantages resulting from the freedom of trade among forty-eight communities varying very greatly in conditions of race, religion and education, in the nature of their productions, in the methods of

¹*The Life of Richard Cobden*, John Morley.

their trade, and in local interests and local prejudices.”¹ Who could pretend that any such severally fortunate results could have been attained if tariff lines were established between the States or between a Northern Union and a Southern Confederacy, had the secession thereof been accomplished? Colonial possessions are bound most firmly to the mother country when she keeps open freely the channels of exchange, and the *Zollvereins* of Central Europe have done much to unite otherwise discordant and jealous elements and to strengthen between them a strong political unity. But as between the great nations,—even including France, where Bastiat, trying to reanimate the free trade principles there of early days, had been such an inspiration to the Manchester men,—the propaganda had little success. After 1870, the pressure of France’s war debt and the peasant agricultural interests drove her indeed to high protection.

The Free Traders in the United States, the founders of the Reform Club, who inaugurated and carried on to such success the campaign in the United States, did not pre-eminently urge free trade as an international benefit, but pressed the arguments for its importance to the welfare of the rank and file of our own people,—in the vein of the earlier Anti-Corn-law agitators of England. The seed which they planted came to goodly fruition, and though made sterile by the effects of the Civil War, was too deeply planted to perish entirely. Having once tested its promise to themselves, no specious effort can lead astray permanently the masses of our people. They will be found ready to respond to the call to make the fruit perennial for the “healing of the nations.” In the present upset of theories, precedents and predictions, effect may well change places with cause—it may come to pass that free trade, whose apostolate failed to prevent war, and thus denied the hopes and predictions of its pious advocates, may find that the conditions ensuing from the greatest of wars will demand the general acceptance of the doctrine which most recent writers assume to be hopelessly left in limbo. There are, of course, many who believe with Professor Jacks that the national spirit, in its selfish intensity,—to which he attributes the inspiration of war,—will be greatly strengthened by the bitterness created in the present struggle. Undoubtedly, such a tendency is almost

¹*Freedom of Trade*: An address delivered June 29, 1916, at a meeting of the American Free Trade League. George Haven Putnam. *The Forum*, Oct., 1916.

inevitable and it will be perhaps the most obstinate drawback to harmonious adjustments after the war. But it will show itself so plainly as an obstacle to righteous effort that it must attract all men of light and leading for the amelioration of this survival of national antagonism in its baleful expression. When we recall the inversions of national alignments within a life-time: nations allied who were at war, and at war with recent allies, there is good hope, in the patient waiting upon a little time, for the outcome.

Every plan for the organic means of preserving the peace of the world, Leagues and Parliaments, Conferences and Commissions, lies in the creation of an international spirit. They are but the moulds into which it is to be poured, the clay which awaits the hand of the potter. Well indeed it is that serious thought should be given to them, though of secondary importance, by all the nations which will share in the settlements of the peace. Some former reproach for presumption in planning by United States citizens for such settlements, in which "neutrality" could take no part, has now become impertinent. Of course there may be safety as there may be danger in the multitude of counselors. But so long as the propounders of plans do not become obsessed with the details thereof, and "bow down to the work of their own hands," and especially if they do not forget that they are but formulating channels for the flow of the needful tide of internationalism, they are to be welcomed, for digestion and assimilation.

Many extremists will be found at the end of the war to urge tariffs punitive to the conquered peoples and involving special benefits to the victors. Every participating nation will be impelled to seek the most obvious means, rough and ready as it is, for recouping its war expenditures, should ordinary diplomatic methods be employed. In this respect as heretofore principle and ultimate results would affect little the compromises probably resulting from the struggles of selfish interests. The recommendations of the Paris Conference of the "Allied Governments" last summer have aroused us to the possible danger of an adoption of a policy implying and involving a lasting severance between the nations. Its preamble accuses their enemy of an "obvious object of establishing its domination over the markets of the whole world and of imposing on other countries an intolerable voke," and its challenge is "to secure for themselves and

for the whole of the markets of neutral countries full economic independence." The assumptions and inferences of the Conference have been discussed with ability by a distinguished economic authority, who concludes that for England at least its result would be to enable "Protectionists to reverse the permanent fiscal policy under cover of a war emergency and by the aid of the hot passions and confused judgment which such a situation engenders."¹ A second critic writes:

Looking at the matter exclusively from the point of view of the victors, whoever they may be, the only wise and far-sighted policy will be that which has ever been the best: to live and let live. Apart from the imposition of just war indemnities nothing durable and advantageous and compatible with subsequent peace could be done beyond imposing upon the vanquished the obligation to abolish or reduce considerably their customs duties, whilst granting them fair reciprocal treatment.²

And still another:

The policy proposed today, grounded as it is on an ideal of perpetual enmity, is theoretically a retroversion beyond the standpoint of the seventeenth century. It has certainly the excuse of an immense iniquity on the part of the enemy State, beside which the atrocities of the seventeenth century bulk small. But it is nevertheless an acceptance of a prospect of eternal and active hatred between two (or more) States, to be established by systematic trade policy. It thus fails to meet any rational conception of wise statesmanship.³

In the welter of conflicting interests there is a possibility of such a dilemma as may make it needful to disregard them all and to open a new page for a new world. A conflagration is perhaps less to be deplored when it burns itself out. From the ashes of such a tremendous cataclysm where hardly more than ashes remain, it is no mere rhetorical expression to say that the Phoenix may be hoped to arise. A great adventure may await great men by which national selfishness will be ignored and what is really the largest good to each be attained by securing the largest good to all. The proponents of all the new plans, such as the League to Enforce Peace, the arbitrations of the Hague, and the most promising one of all, and entirely practical,—“International Commissions to regulate economic conditions with the weaker peoples”⁴,—all sheer away from Free Trade as a glittering conception of Utopian

¹*The New Protectionism*, J. A. Hobson.

²Henri Lambert: *Papers for War Time*.

³J. M. Robertson: *The Cobden Club*, 1916.

⁴*The Stakes of Diplomacy*, Walter Lippmann.

fancy; yet it would be the backbone of them all. Especially would it give support to work of the selected groups of administrators of those relations between the advanced nations and backward peoples, rich in natural resources, which have been the most fruitful and dangerous causes of dispute between modern nations.

It is unfortunate that the current had set back from many causes, besides the constant influence of groups of capitalists everywhere, and had no longer been steadily flowing towards the open sea, according to the expectations of the Cobden Club in England and our own Reform Club. David A. Wells, Everett P. Wheeler, George Haven Putnam and their associates led a host so successfully in the United States that the victory which perched on their banners seemed likely to extend by example and influence beyond the country's limits, and a great President was their not-to-be-forgotten leader. Yet though McKinley and Dingley in the United States and Joseph Chamberlain in England betrayed the principles of the earlier men of light and leading, and the sow that had been washed was again wallowing in the mire, there remained that comfortable thought which prevents despair: "the dark hour precedes the dawn." Altogether, apart from the present crisis, its warnings and its probable consequences, the lesson (emphasized in the Morocco affair) was impressing itself. This seems to be unquestionably the surrender to temptation by capital in its essential selfishness, a kind of economic pressure to exploit without regard to the interests and welfare of their inhabitants, those feeble countries, rich in natural productions or containing numbers of customers for the manufactures of the great and powerful nations. If these weak countries are tropical ones and unsuited for residence of the alien, there is the likelihood of the absentee owner's conduct of his affairs, through representatives, making helots of the original possessors whose labor is required for their development. Always it has been found that the establishment of trading and producing foreign agencies, not willing to accept the great incidental risks with the large probable gain, demand home protection which results in political intrusions and conflicts. It must be granted that premature and hot-headed missionary enterprises have also created and promoted similarly serious embarrassments *per se*, or as complicated with property questions.

There does exist this real opposition between trading and financial groups and syndicates within the several nations, which by impudent misuse of language and of politics usurp the title of their respective states. So France, Great Britain, Germany, America, and Japan may easily be represented as opposed to one another, in their national capacity, in a contest for trade and concessions in China, when the truth is that some tiny little knot of pushful merchants or bankers in each country, with or without the assistance of their Foreign Offices, are the actual contestants.¹

The incentive which moves these little knots is, of course, inspired by "protected" interests, which, being "open," would no longer create a similar cause of national jealousy nor furnish such a motive for conflict.

Tariffs at any time are the enemies of peace and good will among the nations, but this is more especially true of those aimed at securing a preference for the Mother Country in the less developed portions of the earth. They are rightly felt to be particularly unjust. From the days when Spain and Portugal endeavored to make for themselves a monopoly of the New World and of the East Indian trade, they have been one of the most fruitful means of international jealousy and war.²

Far from being a remote and impossible remedy, it may well be that the doctrine of free trade may force itself upon the great after-the-war council as the one solvent for the situation—to change the metaphor, as the one possible release by a bold severance of the Gordian knot which will present itself when it will be necessary to secure the feeblers races from capture, either openly or as acknowledged "spheres of influence."

It is to be noted that since the Paris Conference, the warning sounded thereby has had its effect, not only among the allied nations, but within Germany itself, the former citadel of prohibitory tariff. It has become clear that the wisdom of her distinguished "Dutch neighbor" has penetrated Germany when he says, "Common sense and knowledge of history teach us that without this 'open door' there is not the slightest chance of a world-peace. The outlook for trade after the war is such that it will offer strong inducements for free trade to each nation that wants to compete in the world's market."³

Appreciating that the Opulence of England has been her Defense, despite the attribution of Adam Smith, acquired by her long accumulations through the Free Trade period, the German economists are looking forward to the permanent

¹*The New Protectionism*, J. A. Hobson.

²*The Imperial Preference Report*, The Cobden Club, 1917.

³L. Simons: *The Atlantic Monthly*, August, 1917.

advantage which she may derive from throwing down her own protective walls, should the new allied nations, in a short-sighted spirit, build them up against her, and perhaps the present neutrals. In France there are signs that the pendulum is swinging back again, and that a return to the ancient faith may find powerful advocates to persuade her to leave the idol worship of recent years. "*La Ligue du Libre Échange*," M. Ives Guyot, President, was founded in 1911, with the following programme:

To prevent any increase in established duties and any unjust interpretation of existing statutes which would render their burden heavier; to obtain the negotiation of treaties for long periods so as to prevent tariff war among the nations, and to insure stability of industry and commerce, and to make sure that these treaties should forbid any increase, while permitting decrease in tariff rates.

A Manifesto of the league, which has recently been received, thus propounds and answers the question: "Has the war invalidated the position taken by the league at its foundation?:"

The Entente Allies have threatened to defend themselves against "dumping" by establishing regulations for a long period, prohibitory to the commerce of the enemy nations. Observe that the catastrophe of 1914 was the condemnation of the aggressive protection of the German empire. Nevertheless, those groups among the Entente Allies, who are embittered against the Germans, their ideals and their acts, propose to copy them and by singular logic would establish as an infallible panacea the system from which they have claimed to free the world. The true lesson is entirely different. If the war has created new national sentiments among the people who have been attacked, it should lead to a fusion of these sentiments and interests—in an unforeseen international solidarity.

Our conclusions are: Free trade is a necessity as much for the enemy as for our allies; to impose free trade on the enemy is the most effectual means to prevent "dumping." We shall demand a war indemnity from Germany and Austria-Hungary. The payment will be so much less difficult as the increase of their exportations becomes greater. The only way for the Entente Allies to suppress those antagonisms and economic rivalries among themselves, which the Germans and Austria-Hungarians are sure to endeavor to stir up in order to weaken their power, is to repudiate their protection theories in favor of absolute, established free trade.

In the United States we shall have a strong support for the opening door in spite of the short-sighted efforts of those who look for relief from the burden of national debt to indirect taxation, and run to the tariff as the easy and natural remedy. All peace organizations will surely revert to the

principles of the great English exponents of reform. What Cobden wrote in 1822 is just as true today: "Peace Societies, however laudable, can never be successful so long as the nations maintain their present policy of isolation. Free trade, by perfecting the intercourse and securing the dependence of countries one upon another, must inevitably snatch the power from Governments to plunge their people into war."¹

There is much hope from the counsels of our Tariff Commission since its chairman, Prof. Taussig, reiterated these sentiments (written a few years ago), just before his acceptance of that appointment:

The fundamental principle of free trade has been little shaken by all the discussion and all the untoward events of the past half-century. . . . The essence of the doctrine of free trade is that *prima facie* international trade brings a gain, and that restrictions on it presumably bring a loss. Departures from this principle, though by no means impossible of justification, need to prove their case; and if made in view of the pressure of opposing principles, they are matter for regret. In this sense, the doctrine of free trade, however widely rejected in the world of politics, holds its own in the sphere of intellect.

Beside the expression of a really progressive spirit by the Tariff Commission in general, may it not be hoped that a return will be counselled to the principles declared in the preliminaries of the Treaty of Peace with Spain wherein it was asserted that "we retained the Philippines as a guarantee for the maintenance of the Open Door to international commerce in the Far East, while we afterwards proceeded to close the door to the trade of other nations with the Philippines"?

The great historical lesson of the war if righteously ended may be this: The full time had come when, the world being partitioned off, it was necessary for a co-ordination of power, a law and principle of control. Germany, recognizing the ideal but possessed with conceit and ambition, attempted to seize this control, believing itself the divinely appointed world administrator of *Kultur*. In her failure, sooner or later, she must be brought to recognize that the end to be attained was to be reached through no such seizure but by the international agreement of all countries, democratically representing their people. No pseudo Phœbus can drive the mighty chariot.

Not only can we look to the appeasement of the troubles among what we call the civilized races,—the white men,—by free exchanges, but the dark-skinned, the yellow, and the

¹The Life of Richard Cobden, John Morley.

black, now under "tutelage", will be knit to us in a manner to minimize the difficulties which are predicted by pessimists to be the gravest yet experienced by humanity. Confinement to the "over-lord" by tariff conditions creates relations which are an ever active irritant. Colonies are either dissatisfied with restrictive discriminations or are led to claim concessions which involve apparent losses to the mother country. Within the year, England has faced the protest of Lancashire by favoring the cotton manufacturers of India, supposed to be making large profits already under an excise duty, through the imposition of additional duties without the countervailing excise.

With all due respect and sympathy for the motives of many of their authors, there is some world weariness of the manifold schemes propounded by the professional and amateur publicists with which the press and the platform are flooded. Very interesting in practical suggestion and mechanical detail are some of these. But as they are of the nature of patchwork, with limitations of expediency and of shortness of view, is there not an opportunity for a larger idealism? The American, idealist of idealists, the entrance of whose country into the war will give him a weighty share in the counsels for the "healing of the nations", may go deeper and higher than any of these, and present a fuller remedy for the evil conditions which have deluged the earth with blood. As the worst of these was caused by national greed and ambition, so our attitude,—unique among all the Powers, of absolute sacrifice and unselfishness, will give us indeed the potent voice. Rough-hewn as the path may have been by wicked hands, can we not humbly hope to be made instrumental by the Divinity that shapes our ends, to help the brotherhood of man attain, by regulated progress, the great ends of exchange of thought, discovery, persons, and goods—to perfect freedom?

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